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STATE FOR EUR/RUS PATTERSON,
EEB BYERLY AND COLEMAN
USDOC FOR 4231/ITA/MAC/EUR/RISA BROUGHER AND BEADLE
USDOC FOR 3004/CS/ADVOCACY/BLOOM
USICAO MONTREAL FOR LAURA FAUX-GABLE
NSC FOR WARLICK AND MCKIBBEN

E.O. 12958: N/A
TAGS: EAIR ETRD KTIA PREL UP
SUBJECT: UKRAINE: GOU TELLS IATA ALL ISSUES RESOLVED: IATA
AWAITING OFFICIAL CONFIRMATION

REF: A. KYIV 2383
     ¶B. KYIV 1974
     ¶C. KYIV 2788
     ¶D. STATE 10632

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¶1. (SBU) On September 20, the GOU told the International Air
Transport Association (IATA) that all issues regarding IATA's
Billing and Settlement Program (BSP), including its ticket
stock, had been officially resolved and IATA was no longer in
danger of being shut down (ref C).  The Ministry of Finance
confirmed the GOU's stance on October 2, when it finally
approved IATA's request to register its ticket stock, noting
that MinFin had received the necessary approval from the
Ukrainian State Aviation Administration (SAA).

¶2. (SBU) The breakthrough came when IATA CEO Giovanni
Bisignani met September 20 with Ukrainian Deputy Minister of
Transportation and Communications and Head of the Ukrainian
SAA, Anatoliy Kolisnyk, on the margins of the International
Civil Aviation Organization General Assembly in Montreal.
Bisignani asked Kolisnyk for written confirmation that
Ukraine no longer had any issues with IATA.  To date,
however, that written assurance has not been forthcoming, and
SAA officials have told us that they have no intention of
giving IATA such a letter.  They cite the approval of IATA's
ticket stock by the MOF as sufficient evidence of Kolisnyk's
commitment to the IATA.  IATA has also not yet received
formal confirmation from the Ministry of Economy that it will
rescind its order suspending all IATA's cross border
transactions.  IATA says the Ministry of Economy is still
waiting for confirmation from the Procurator General that the
original basis of the GOU's complaint against IATA (the use
of unregistered ticket stock) has been resolved.  (Note:
Ambassador plans to raise IATA's status with Minister of
Economy Kinakh during a scheduled meeting later this week.)

¶3. (SBU) In a September 28 discussion with EconOff, Deputy
Director of the SAA Dmytro Babeichuk blamed IATA's Country
Director Sergey Martinyuk for the breakdown in relations
between IATA and the GOU that ultimately led to the treat to
shut down IATA.  Babeichuk argued relations between the SAA
and IATA would have been much better if IATA had registered
its ticket stock in 2005 instead of pursuing the issue as a
matter of principle in Ukrainian courts, a process that
lasted two years.  Babeichuk said the SAA was unable to work

with Martinyuk, a Ukrainian citizen.  Several  airlines and
embassies share the view that Martinyuk is part of the
problem.  They say his confrontational style and stubborn
refusal to register IATA's tickets until after the GOU
threatened to shut down IATA exacerbated the situation.  The
SAA has invited mid-level IATA reps to Kyiv in mid-October to
discuss its relationship with IATA, its problems with
Martinyuk and whether IATA's electronic tickets (the recent
dispute only concerned IATA's paper tickets) conform to
Ukrainian law.

Comment
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¶4. (SBU) The SAA's continued interest in the trade
organization's electronic tickets may be a signal that IATA's
problems with the GOU are not over.  In any case, industry
reps in Kyiv have told us that they suspect the ticket issue
to be a front for the SAA's desire to capture the large cash
flows generated by IATA's BSP cleaning system.  The SAA's
stance on IATA's electronic tickets, which we expect to
surface during the upcoming meetings with IATA, should shed
more light on the GOU's true intentions.  End comment.
Taylor